



# BUDGET COMMITTEE

Judd Gregg, Ranking Member  
<http://budget.senate.gov/republican>

Contact: Betsy Holahan (202)224-6011

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## **U.S. Senator Judd Gregg (R-NH)**

Floor Speech on Health Care and Government Debt: "Do No Harm"

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### ***Unofficial Transcript***

**Mr. Gregg:** One of the first rules in health care that doctors and health care providers learn is to do no harm. Do no harm. So as we move down the road of this health reform effort, I think we ought to have that as our watch-word also, that the health reform effort which we pursue should do no harm to a lot of the elements of our health care system which are doing pretty well. For example, there are a large number of Americans who get health insurance through the private sector, about 170 million or 180 million, who are quite happy with their health care. They may have concerns with their insurance company legitimately, but they think their health care is pretty good, and in fact, American health care is excellent.

As we move down this road towards health reform, we shouldn't harm those folks. We shouldn't push them into a public plan by creating a system which basically disincentivizes their employers to give them health care, incentivizes employers to take a penalty rather than pay a health care premium, and moves people over to what are called health exchanges. That's exactly what the bill did as it left the HELP committee. One would not be surprised if that's exactly what it does when it returns from this secret room. That will be harmful, harmful to all Americans who have private insurance and who like what they have. And they don't want to have the federal government basically supply their health care and put them under a bureaucracy where the federal government stands between them and their doctor.

There are also a lot of senior citizens in this country today who are on something called Medicare Advantage, and they find this to be an excellent Medicare program. It gives them a lot of options that they don't have under traditional Medicare. They like it. Well, under the Finance Committee plan, Medicare Advantage would have been eviscerated. Most Americans who get Medicare Advantage would lose it. It's that simple because the Finance Committee is anticipating a \$400 billion reduction in Medicare spending with a majority of that coming out of the Medicare Advantage program, essentially, eliminating the Medicare Advantage program as an option. People who are on Medicare Advantage would be pushed back into traditional Medicare. I don't think they're going to be very

happy with that. That does them harm. That shouldn't happen. As part of the 'do no harm' status that we should be pursuing in health care, we shouldn't cut Medicare in order to fund a brand-new entitlement for people who are younger and who aren't on Medicare and cause people who are on Medicare, and quite comfortable with what they're getting on Medicare, to lose that option in order to fund a brand-new entitlement for \$400 billion in Medicare cuts and savings.

And with regard to this 'do no harm' issue, there is the issue of innovation. Innovation is one of the great advantages that our health care system has. You don't see innovation of any significance in England where they have a nationalized system. You don't see innovation in Canada where they have a nationalized system because innovation takes investment. To bring a new drug to the market requires 15 years and almost \$1 billion of investment in time and money. Somebody has to put up that \$1 billion. Somebody has to be willing to take a risk with their money that they're willing to invest in this very chancy undertaking of trying to bring a new drug to the market, a new drug which will help protect millions of Americans. But it takes money, and it takes a willingness to invest in that type of research.

Now money follows return. And if you set up a government-run program to reduce costs, which inevitably has to control prices, you reduce return. It is absolutely guaranteed that if this country moves to a single-payer government-run system, the innovation that is occurring in the areas of pharmaceuticals, biologics and devices will be dramatically chilled because there isn't going to be the investment capital to pursue that type of innovation. Now, granted, the government can try to do it through government research, but we know the government research can never replace the creativity of the private sector and the risk-taking of a broader market that involves billions of dollars of investment. But we also know that investment follows return. And if you use a government plan which essentially can only save money by controlling prices and, thus, reduce return significantly or reduce the number of years that people have control over the drug that they produce down to four or five years as is being proposed by the majority under the biologics generic proposal, then you will not get the initial investment. Those dollars will go somewhere else. They'll go into software. They'll go into some other technology or some other activity where the return will be something that they think is better. And so innovation will be chilled, significantly chilled. And that does harm.

That will do significant harm, because one of the great things about our system - as I mentioned earlier - is that we are bringing these new drugs to the market, these new pharmaceuticals, these new biologics, these new devices which are saving lives and making people's lives better. No other country is doing that at the rate we're doing it. No other country has a system which encourages that sort of entrepreneurship and innovation. But that will be dramatically affected if we go down the road as proposed, at least by the bill that the Majority Leader said he endorses, a bill that has a public plan in it.

And in the "do no harm" category, who are the people we want to have take care of us? I know when I was in high school and college, the best and the brightest people wanted to

be doctors, and I liked that because I knew that these folks, who were a lot smarter than I was, were going to be taking care of myself and my family. Almost universally we know that the best and the brightest people in our society for the most part go into medicine. They become doctors. That's just been our culture for a long time. But that culture will change, and change fundamentally when every doctor in this country is working for the government - when basically the doctors become bureaucrats.

What sort of incentive is there going to be for the best and the brightest to move into medicine then? I think we do significant harm if we undermine that character of our culture.

And lastly, and this is the point I really wanted to talk about, doing no harm in a financial sense means not creating programs which we can't afford, that we end up passing the bill to our children for. Now, we know that the proposal as passed by the Finance Committee costs between \$1 trillion and \$2 trillion. They'll tell you it only costs \$800 billion, but that's because they used Bernie Madoff accounting. They said we're going to pay for five years of program but we're going to have ten years of income to pay for it and we're going to score as if it's a real bill over ten years.

That's absurd. You'd go to jail if you do that in the private sector, which Bernie Madoff did, by the way. But apparently he's been released. I think he's on work release down here, working with the Democratic Majority on how to score this bill.

But as a practical matter, you've got to match the full ten years of expenditures with the full ten years of what is alleged to be income. So if you have this plan fully phased in over ten years, the cost estimate by the Budget Committee staff on the Republican side -- and it's a reasonable cost estimate -- is about \$1.8 trillion. And the income alleged to occur under this bill -- remember, it's coming from Medicare reductions and from taxes and fees -- is alleged to be about \$900 billion. So if you give them the benefit of the doubt that they get all the income they claim they're going to get, you're still about \$1 trillion off. Who pays for that? That goes on the debt. Our kids pay for that.

By the way, we just skipped over one little item which costs \$250 billion called the "doctor fix." That's not even scored in this exercise, but we know we have to do it. More sleight of hand on the accounting side -- little Bernie Madoffisms. The real price on this bill is somewhere between \$1 trillion and \$1.5 trillion unpaid for. The total bill is somewhere over \$2 trillion and we're talking ten-year figures. You're going to grow this brand-new entitlement, and you're going to take \$400 billion from the Medicare recipients and use that to pay for it. And then you're going to take \$500 billion in fees and taxes, and you're going to use that to pay for it. But you're about \$1.2 trillion short, so who pays for that? Our kids. More debt. And the problem we have today is that we have too much debt.

We have too much debt. The debt is the threat to this country. We are facing a situation where our national debt is rising so fast because we're running deficits of over \$1 trillion

a year for the next ten years. That's what's projected in the President's budget. We are going to put ourselves in a position where we're going to be like a dog chasing its tail.

Now we're talking about putting a \$2 trillion expansion on the government on top of the government that already has a projected debt of 80% of gross domestic product, which means that our kids are going to inherit a country that they can't afford to live in, because their standard of living will be reduced in order to try to meet the obligations which we're putting on their backs. It's not fair. It's not right.

Clearly if we're going to do health reform, it should be done in a fiscally responsible way -- it is not fiscally responsible to grow this government by \$2 billion, take money from Medicare to pay for it and pass the majority of that bill on to our kids with more debt. It's not a responsible thing to do. So, in the arena of do no harm, what is presently proposed is going to do a lot of harm, and that's unfortunate.

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